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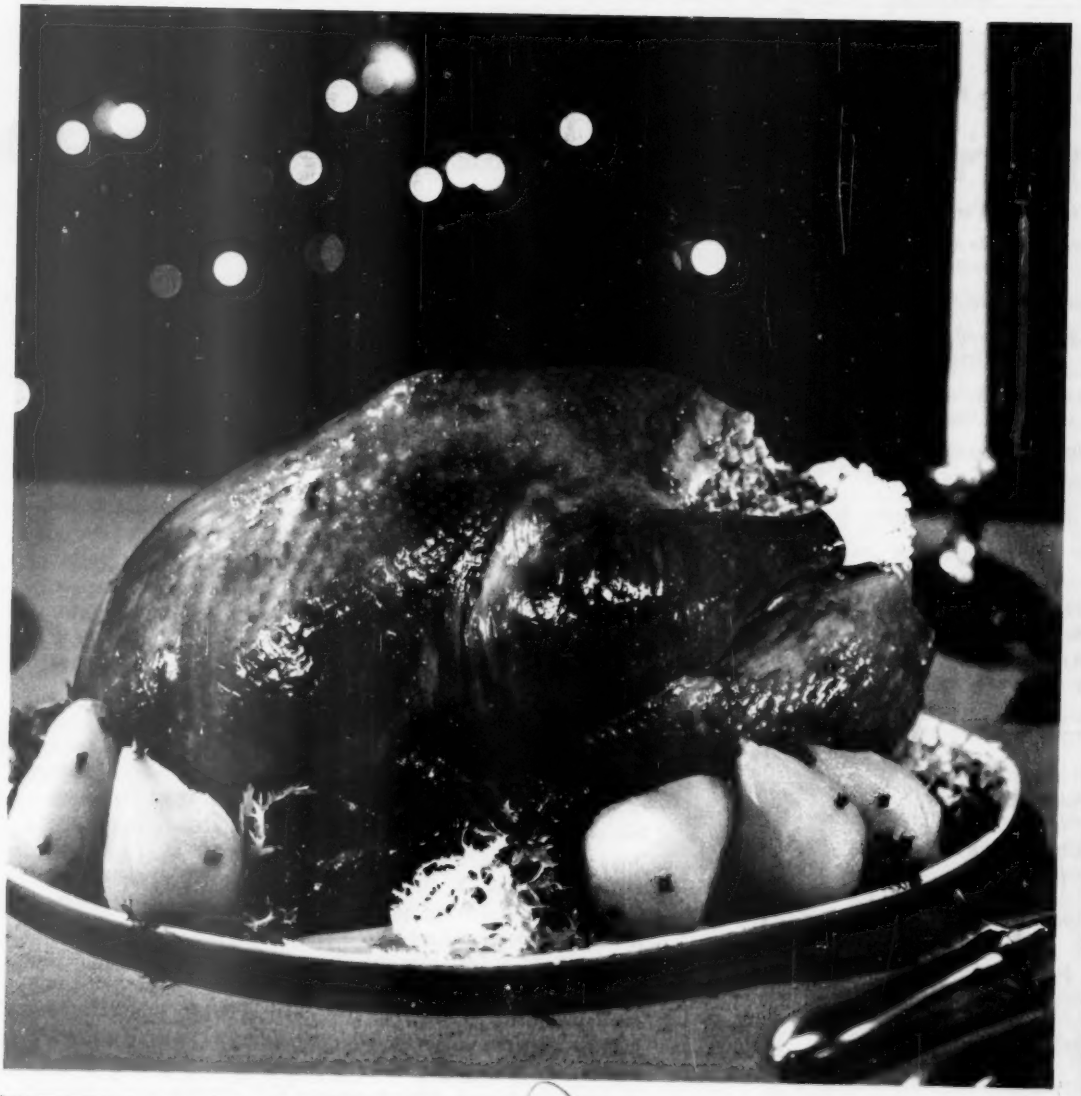

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U.S. Poultry Products In the Export Market

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Foreign Agricultural Service
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This week's cover:

Roast American turkey, a holiday favorite and year-round treat at home, is fast becoming popular overseas. Article on how all U.S. poultry products are selling abroad begins this page.

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Past and Prospects: U.S. Poultry Products in the Export Market

U.S. poultry exporters—serving the highly efficient U.S. producers of poultry meat—are holding their own in overseas markets. Despite only limited access to the important EEC market and subsidized competition in other countries, exports of poultry meat during January-October of this year were still 96 percent of those in the comparable 1967 period. Exporters have been actively seeking out new markets, as well as moving new products into traditional ones.

Exports of U.S. poultry and poultry products in 1967 were valued at $77 million, down about $6 million from the 1966 level. Although shipments of turkey meat were above those of 1966, this increase was not sufficient to offset a decline in exports of chicken meat. West Germany remained the largest market for the United States—and the world's largest importer of poultry meat. U.S. exports of poultry meat to that country totaled 53 million pounds, nearly 35 percent of total U.S. poultry exports. This was a decline, however, from the level of the previous year.

U.S. poultry and the EEC

The EEC—with the important West German market—not only has high levies on poultry imports from third countries, but also is increasing its own poultry production. Under the highly protective system, production of chicken meat now exceeds demand in some EEC countries. As a result, the Community is moving its surplus production into the world market at subsidized prices.

The EEC export subsidies have encouraged Denmark, a major poultry shipper, to subsidize its exports in order to meet competition from the EEC. The United States, to regain a fair share of its traditional market in Switzerland that was being rapidly lost to subsidized competition, announced in April a renewed drive to restore U.S. poultry on the Swiss market. As a result of export payments, or subsidies, on whole broilers since the announcement, U.S. export figures for January-October 1968 show that 3.3 million pounds of whole broilers have moved to Switzerland, compared with 529,000 pounds for the comparable 1967 period.

Even with the current level of total charges levied by the EEC against poultry imports from the United States, some traders are still finding it profitable to handle certain U.S. poultry products. These include primarily turkey parts and chicken and turkey specialty items. Such items, especially large turkey parts, roasts, and specialty products, are not readily available to the Community either domestically or from other countries. Although the high level of protection has encouraged increased turkey production in the Community, output falls short of market demand.

The Netherlands is now Germany's chief supplier, since it does not face the high levies placed on imports from non-

The U.S. poultry industry continues to have a future in the world market as efforts to seek out new buyers and develop new products help to offset the general increase in world poultry production and the growing competition in world trade.

s: U.S. Poultry Products in the Export Market

member countries; it is the primary U.S. competitor for the market. The Dutch, however, like other EEC turkey growers—the West Germans and Italians—are confining their turkey production primarily to the 4-6 and 6-8 pound size, the whole-bird size most acceptable to EEC consumers. The parts from these birds are small and are not acceptable to the retail and institutional trade. As a result, the lack of large turkeys and parts from them is apparently the main reason why the EEC continues to import U.S. turkey meat. Imports of turkey parts into West Germany during January-October of this year were 5 percent higher than those in the comparable period of 1967. Climatic conditions in the areas of the Netherlands, West Germany, and Italy—where turkeys are grown—are not conductive to range growing, a practical element in the production of large birds.

To exploit the current trade interest to the fullest extent, the Institute of American Poultry Industries (IAPI), cooperating with the Foreign Agricultural Service in overseas market development activities, continues to refine and pinpoint its promotion program. Through its offices in Frankfurt, The Hague, and Rome, IAPI is working to provide maximum assistance to U.S. exporters and foreign importers with an active interest in trading in U.S. poultry products.

New markets developing

The EEC countries are just six of the more than 80 where U.S. poultry meat is now being sold. Some of the markets—like Japan, Hong Kong, the Caribbean islands, and the Middle East—are relatively new.

U.S. exports of poultry meat to Japan in January-October of this year totaled 11.7 million pounds, compared with only 138,331 pounds for all of 1961. Even though domestic production of poultry meat has increased along with imports, per capita consumption is still only about 5 pounds leaving plenty of room for further expansion in both local output and imports. This country of about 100 million people raises only some 20,000 to 30,000 turkeys. Turkey meat is new to the Japanese, but then, so was fried chicken a few years ago; now a fried drumstick is the most popular chicken item in the country. The IAPI office in Japan is putting special emphasis on turkey and turkey parts in its campaign promoting increased use of U.S. poultry in general.

The IAPI office in Japan also services Hong Kong, another growing market. The Crown Colony imported 14.9 million pounds of U.S. poultry meat in January-October of this year. U.S. exports to Hong Kong showed a 50-percent increase between 1966 and 1967.

The islands of the Caribbean are a potential market far beyond that indicated by population figures as they continue to develop their tourist businesses. Tourism is now a major, if not *the* major industry in many of the islands, and indications are that it will continue to expand at an increasing rate. This development has boosted demand for U.S. foods, including poultry products. During the first 10 months of this year, 21.7 million pounds of U.S. poultry meat moved to the Caribbean islands. Some 81 percent of this was chicken meat and about 10 percent, turkey and turkey parts. The market should continue to expand for both chicken and turkey products.

The Middle East, mainly the Persian Gulf area, to which Beirut is an important transshipping port, has every indication of becoming an important market for U.S. poultry. Here, incomes are rising, and demand for Western-type foods is increasing. Other than in Lebanon, domestic poultry production is not a factor in the expansion of U.S. poultry exports to this region.

The Caribbean and the Middle East are under careful study to determine the best way to expand the markets there to the fullest extent. In its efforts to continually assess and evaluate new areas where its promotion program can be of assistance in expanding the market, IAPI participated in the first trade shows held by the Foreign Agricultural Service in Beirut, Lebanon, and the Caribbean this year. IAPI exhibits included promotional material and sampling; U.S. commercial exhibitors also participated in both shows.

Precooked items—new market opportunities

Japan, Hong Kong, the Caribbean, and the Middle East are all new markets where local poultry industries are generally not well developed. New markets for certain poultry products are also being found in countries that have well-developed poultry industries of their own, the United Kingdom and Sweden, for example. Both of these countries maintain a Newcastle disease barrier against importation of uncooked U.S. fresh frozen poultry. Nevertheless, both are showing increasing interest in precooked poultry products—turkeys, turkey and chicken parts, and specialty items. Export of these products to Sweden during the first 10 months of 1968 were more than double the quantity shipped in the same period of 1967. Two items with bright prospects for market expansion in the United Kingdom are turkey roasts—for use by caterers, restaurants, hotels, etc.—and turkey rolls—sold sliced in delicatessens.

In both countries IAPI activities have sparked the importation of U.S. poultry products. A promotion program in cooperation with one of the United Kingdom's biggest importers and primary wholesalers of poultry was held at the U.S. Trade Center in London in November. The importer invited his customers to view an extensive line of U.S. poultry products, including many new items; the exporter of that line also sent a representative. For its part, IAPI assisted in the arrange-

ments, provided the promotional material, and shared in the cost.

IAPI recently participated in the St. Erik's Fair in Stockholm—its first extensive activity of this type in Sweden. As a result of his visit to the fair, a representative of a large Swedish importing firm placed orders for turkey breasts, sliced mixed turkey roll, three-piece chicken-part tray pack, diced chicken, and whole smoked turkey. The importer will supply these products to such institutions as restaurants, bars, schools, and hotels.

Outlook: the world and the U.S.

Production of poultry meat, particularly chicken, will continue to increase generally, and surpluses in some countries will maintain pressures on the world market in the immediate future. Although the United States hopes that all countries will end their subsidies on poultry exports, there are now no immediate indications that competition in the world market will return soon to a basis of efficiency of production.

Nevertheless, with its high level of efficiency in poultry meat production and in the continuing development of new products for both the consumer and institutional trades, the U.S. poultry industry should remain in the forefront of world poultry trade. The competitiveness of the industry and the large domestic market it serves are an important stimulus for the further development of new products. These products, in turn—particularly turkey items—give the United States a marketing advantage over its competitors in the world market.

West German Importer Promotes U.S. Poultry Products

West German importer Lorenz Heitz is an enthusiastic supporter of American poultry, which he has been handling for several years. He carries a wide range of U.S. precooked and fresh frozen turkey and chicken products, as well as items he further processes from fresh frozen whole turkeys.

Recently, Mr. Heitz—with assistance from the Institute of American Poultry Industries—held a series of three demonstration luncheons at a restaurant in Gelsenkirchen, with U.S. poultry the featured fare. Guests were owners, managers, and food buyers of restaurants and other institutional users; department store buyers; retailers; and the press.

The buffet luncheon was representative of the U.S. poultry products Mr. Heitz distributes, all of which were prepared by IAPI chef Franz Koeller. Before lunch, Mr. Heitz demonstrated how his plant cuts up U.S. whole turkeys to prepare all the further-processed items he distributes. In a room adjoining the dining area, his full range was on display. This included such U.S. products as oven-roasted turkey, smoked turkey salami, cooked turkey breasts, chicken and turkey rolls, packaged drumsticks and thighs, and whole turkeys. Among the further-processed products represented were boned turkey breasts, legs, and thighs; chicken and turkey schnitzel; turkey sauerbraten and goulash; and turkey wings.

Above right, Mr. Heitz shows guests—180 in 3 days—how he cuts up U.S. turkey to prepare further-processed items; below, chef Koeller (right) and assistant.

Above, some of the U.S. poultry products available to the German trade, and right, some of the turkey items Mr. Heitz further processes from U.S. whole birds. All were on display at the demonstration.

Outlook conference sees

Two-Year Decline in Canadian Farm Income

Last month in Ottawa, Canadian agricultural leaders met in their annual Federal-Provincial Agricultural Outlook Conference to evaluate the country's current agricultural situation and its farm outlook for the coming year. The conference, held under the auspices of the Canada Department of Agriculture, brought together Federal and Provincial agricultural ministers and leaders of major farm organizations. In the article below, Alfred R. Persi, *Acting U.S. Agricultural Attaché in Ottawa, summarizes the findings of the conference.*

Although farm production in Canada this year will be approximately 5 percent greater than it was in 1967, realized net farm income is expected to fall below that of last year, according to a summary report released by the annual Federal-Provincial Agricultural Outlook Conference held in Ottawa last month. However, total net income from farming —which takes inventory changes into account—is expected to be somewhat greater than it was in 1967.

This year's cash receipts for the 5-percent greater farm production are expected to reach US$4.0 billion, slightly below last year's $4.1 billion. Farm-operating expenses and depreciation charges continue to move upward as prices of most goods and services used in farming increase.

Another decline in realized net farm income was predicted for 1969, although total cash receipts from farming are likely to rise slightly. While cash returns from crop sales will probably remain at this year's levels, returns from marketings of livestock products should be higher. The increase in farm expenses is expected to more than offset the rise in cash receipts.

Although world competition for sales of wheat—Canada's No. 1 agricultural export—is expected to continue at an intense pace, according to the report, Canada still hopes to capture at least 25 percent of world wheat trade over the next 3 years.

In considering the Canadian economy as a whole, the conferees foresaw a sustained economic growth rate and somewhat easier pressures on costs and prices in 1969—as a consequence of the continued growth in personal disposable income expected.

Conference appraisals of other major Canadian agricultural developments this year and next are briefed below.

Input expansion slows

This year the expansion in farm inputs is expected to be slightly less than in 1967; a continuation of the same pace is seen for 1969.

Numbers of hired workers and farm operators probably will drop this year, a decline partially offset by an increase in unpaid family labor employed on farms. If the general level of employment in Canada increases in 1969, a further decrease in total farm employment is expected.

Machinery and equipment sales, expected to be lower in 1968, are not expected to expand significantly in 1969. A continued increase in machinery-operating expenses is likely.

Shipments of complete feeds by manufacturers may be down somewhat this year, while shipments of premixes and supplements are expected to continue unchanged. Expenditures for purchased feeds are not likely to increase in 1968 or show much change in 1969.

Fertilizer use and costs per farm are expected to be little changed this year, but some sales expansion is expected in the Prairie Provinces. Sales of pest-control products are expected to increase about 13 percent this year and are likely to continue to expand at about the same rate in 1969.

The value of farm real estate, machinery and equipment, and livestock is expected to increase further in 1968 and 1969, but at diminishing rates, mainly because of a leveling-off in land-price increases in most provinces. Crop insurance indemnities in 1968 are expected to greatly exceed those of 1967. Total coverage probably will be greater next year than in 1968 since the demand for this insurance appears to be increasing.

Wheat stocks build up

Very poor harvesting weather resulted in considerable damage to the quality of the 1968 Canadian crop, although the level of production—650 million bushels—is above average. According to the summary report, with the return of orderly marketing following the implementation of the International Grains Arrangement, Canada's exports to developed countries in 1968-69 could total as much as 180 million bushels, and exports to developing countries could be in the region of 50 million bushels. Many factors will affect the size of purchases by Communist countries in 1968-69, but the total to this market could be much higher than the 132 million bushels shipped in 1967-68.

As a result of harvesting difficulties in 1968 and the resulting greater proportion of lower grades, Canada will have a greater diversity of wheat for sale. The objective of the Canadian Wheat Board is to secure 25 percent or more of world wheat trade. This will mean exports of 1.3 billion bushels over the next 3 years.

Because production will be slightly greater than domestic and export utilization, the general 1968-69 Canadian wheat outlook is for a continued buildup in stocks. If exports reach the levels forecast, producers should be able to market more wheat than last year. Moisture reserves in western Canada are now exceptionally good, creating favorable conditions for the 1969 crop.

Canadian supplies of feedgrains were down slightly in 1967-68 as increased beginning carryover stocks and imports from the United States did not quite offset a reduction in Canadian production. Domestic consumption of feedgrains remained close to the 1966-67 level, but exports of both oats and barley fell slightly.

In 1968-69, little change is expected in the use of feedgrains in Canada. Corn will likely continue to be relatively cheaper than other feedgrains, and consumption of corn can be expected to increase in eastern Canada at the expense of other feedgrains, although increased consumption of barley can be expected in western Canada.

In the longer run, total grain production will increase in Canada, but the emphasis will need to move slowly toward feedgrains as the consumption by domestic livestock continues to rise.

Lower oilseed exports

Exports of flaxseed, rapeseed, and soybeans produced in Canada were lower in 1967-68—26.5 million bushels compared with 34 million bushels in 1966-67. Imports of soybeans were lower, imports of soybean oil and meal slightly higher.

Although world prices of edible oils and oilseeds are likely to remain relatively low for the current year, the price of flaxseed—for which world production is still low compared with levels several years ago—should remain relatively high (although possibly slightly below last year's level with a somewhat heavier stock position in North America). A further acreage increase in Canada next year does not appear warranted unless production falls sharply below the 18.2 million bushels forecast for 1968-69.

The price of rapeseed, while showing signs of recovery, is likely to remain at low levels. With a good domestic and export potential and a total supply position well below that of last year, further acreage reduction for this crop does not seem desirable.

Canadian production of soybeans still falls far short of Canadian consumption. The potential market for sunflowerseed remains good, although sunflowerseed prices have been affected by low world market prices for sunflowerseed oils and other edible oils and abundant supplies.

Seed supplies generally adequate

In spite of much smaller production of pedigreed seed of spring wheat, supplies should be sufficient to meet expected domestic demand in 1969. There may be local shortages of good quality pedigreed seed of some varieties of oats and barley in western Canada, but overall supplies should meet the needs of that region. In eastern Canada there is an abundance of good quality seed of recommended varieties.

With the exception of alfalfa, there will be adequate seed of major forage crop kinds to meet domestic needs. The export market for forage seed has not strengthened from a year ago, but, because of the small production in Canada, no difficulty will be encountered in marketing surplus supplies—with the exception of surpluses of creeping red fescue and of meadow fescue.

There is expected to be some increase in acreage in forage crop seed production in western Canada because of slightly improved prices to growers for most kinds and the increasing interest in cash crops. Also, the demand in Europe for certified seed of adapted varieties is expected to result in some expansion of acreage in varieties being grown in western Canada under the Herbage Seed Scheme of the Organization for Economic Cooperation and Development.

Fed cattle marketings increase

Inspected cattle slaughter to the end of August 1968 was up nearly 5 percent from the corresponding period in 1967. Almost all of the increase is accounted for by the increasing fed cattle slaughter. In 1969, marketings of fed cattle should be above 1968 levels.

With fed cattle prices considerably above the "export basis," the Canadian feedlot operator has recently been in a comparatively favorable position. Furthermore, the outlook in respect to both the supply and the price levels of feedgrains is encouraging to the cattle feeder. As a result a greater demand prevails for feeder cattle to be marketed out of feedlots in 1969, and prices for replacement cattle may increase from present levels. In view of the supply-demand relationship, there may be reason to predict that fed cattle prices will be above the export equivalent for most of the calendar year 1969.

In 1968, hog gradings will likely average close to the high level of 1967. Gradings in 1969 are expected to be below 1968 levels for at least the first three quarters.

Poultry increase to continue

Production of chicken in Canada in 1969 will likely rise by about 25 million pounds (5 percent) from marketings of 475 million pounds (eviscerated basis) in 1968. This is considerably less than the annual average rate of increase of 10 percent since 1963. The extent of the increase in production will be determined mostly by the competitive supply of red meats, especially of pork and pork products.

Projected demand for turkeys in Canada in 1969 indicates the need of an increase of 10 million to 20 million pounds from output levels in 1968. The size of the increase will depend to a great extent on the 1968 fall market situation. If the demand and price situation is as strong as expected, cold storage stocks on January 1 will be below normal levels. That will boost confidence in the 1969 outlook and will likely result in a continuation of the higher trend now evident in broiler-turkey production. Heavy-turkey production is also likely to rise in 1969. The lower level of feeding costs in 1968, as compared with 1967, is expected to continue during 1969.

Canadian egg marketings at registered stations in 1969 will likely total about 8.2 million cases, down by 6 percent from total marketings of 8.7 million cases in 1968. The expected reduction in 1969 egg production is likely to result in a much higher level of average prices than in 1968—especially until August. Egg product imports are likely to rise in 1969.

One of the main dangers in the 1969 egg market is that rising prices may result in encouraging an overly rapid expansion of egg production by 1970. However, Canadian egg producers will have to remain competitive with production and prices in the United States or risk losing a portion of their Canadian market to a larger volume of egg imports.

No new dairy trends

With policy emphasis on "rationalization" of the industry at the farm level and on price stabilization of dairy products on the domestic market, little change in production and consumption patterns is likely to occur in 1969.

Assuming continuation of present dairy policy, milk production will be at about the same level as in 1968, which is estimated at 18.15 billion pounds, about 1 percent below 1967. Total fluid milk sales are expected to increase by about 100 million pounds. Butter production is not likely to show much change from the 328.5 million pounds expected in 1968. Cheddar cheese output is expected to decline slightly from the 161 million pounds expected in 1968. No gains are foreseen in the production of concentrated milk products. Output of ice cream mix will likely increase. A continued rise in consumption of natural cheese is anticipated, and the decline in consumption of creamery butter is likely to continue.

Canada's annual supplies of skim milk powder, surplus to domestic requirements, are expected to be substantial for a number of years. These supplies will be available for commercial exports and food aid.

This year's good grain harvest in Afghanistan will help meet the country's food needs. Above, merchants in a small shop in Kabul wait for customers to buy decorated round loaves of nan bread. Above right, Afghan farmer winnows his grain.

Afghanistan's Bumper Foodgrain Crops

When domestic supplies have not met needs, FAO has supplied Afghanistan with flour, here unloaded for distribution.

By JOHN B. PARKER, JR.
Foreign Regional Analysis Division
Economic Research Service

The influx of mechanization and technology in Afghanistan has paid off well for the country's foodgrain farmers. This year's harvest brought in bumper crops of wheat, rice, and corn for a total harvest of almost 5 million metric tons—1 million more than in 1967. Afghanistan has also been importing about 100,000 tons of wheat annually—mostly from the United States under P.L. 480—to meet food needs of urban centers.

Larger farms in the northern valleys where wheat is a major crop have benefited most from improved farming methods. Large numbers of tractors have been imported. In the early 1960's most were supplied by the Soviet Union, but in 1966 the United Kingdom sent 330 medium-sized tractors and in 1967 the United States sent 49 larger ones.

Gains in wheat output

Wheat production increased markedly in 1968 in farm areas where tractors were used. Production on irrigated land in northwestern Afghanistan around Herat increased 50 percent, while output in the Jalalabad vicinity—near the border of West Pakistan—rose by 37.5 percent. The biggest increase occurred in the dry land areas in the Herat Valley where output of wheat was up 56 percent and yields, 30 percent. Production of wheat in the Helmand Valley in central Afghanistan increased by 32 percent on land irrigated with U.S. assistance.

Fertilizer application and high-yielding wheat varieties have also made an impact on production. The Soviets are building a fertilizer factory in northern Afghanistan to make urea, a byproduct of natural gas. Until this plant begins production, imports of fertilizer—now coming from West Germany and Japan—are expected to increase. Farmers receive the fertilizer through government programs.

The area of high-yielding varieties harvested during 1968

was about 10 times the 4,500 acres harvested during 1967. Recent imports of Mexi-Pak and Sonora 64 seed indicate that more than 100,000 acres will be planted in high-yielding varieties of wheat during the 1968-69 season.

Corn yields on irrigated land also have increased. Afghanistan's total corn production in 1968 approached 1 million metric tons, about one-third higher than the harvest 3 years ago. Barley production has increased gradually in recent years, and good rains enabled farmers to harvest about 400,000 tons in 1968.

Rice production is up by about one-sixth in the last 3 years and in 1968 will approach 390,000 metric tons, milled basis. If high-yielding rice varieties are used more widely, some Afghans have indicated that the country might become a surplus producer of rice.

Export possibilities

Some surplus rice might be marketed in the Soviet Union, since many of the most important rice growing areas in the USSR are near the Afghanistan border with transportation systems that could accomodate Afghanistan's exports. Any future exports of wheat or rice will of course be quite limited due to the great need for food in Afghanistan's growing urban centers of Kabul, Kandahar (in the southeast), and Herat.

High grain prices have been a factor in the food scarcity. Mountainous terrain hinders distribution of grain within the country, and transportation costs to ports in Pakistan are high. The delivered price for American wheat into Afghanistan in 1965-66 was over $150 per metric ton because of the transportation cost. The price support for wheat in Afghanistan of 37 Afghans per seer (15.6 lb.) is equivalent to about $89 per ton at official exchange rates. New roads built by the Russians in Afghanistan have helped, however, in moving wheat from farm areas to urban centers. The new road through the Khyber Pass has lessened the cost of moving imported wheat from the transit port of Karachi to Kabul.

Although over 90 percent of the population consists of subsistence farmers, diets are improving. Higher yields of wheat, an expansion of the area under irrigation, and farm diversification are helping to provide more food. More farmers are growing cash crops, particularly wheat and rice in the north and fruit in the central valleys.

Loans Boost Development Around the World

Five bank loans—one each to Nigeria, Pakistan, and Chile and two to Mexico—were recently granted by the World Bank and the Inter-American Bank. Financing water control and irrigation projects was the prime purpose of most of the loans.

The World Bank has announced the extension of a supplementary loan to Nigeria for the completion of the Kainji project and ground-breaking at the site of West Pakistan's Tarbela Dam, which is being funded in part by the World Bank.

Hydroelectric power

The loan of $14.5 million to the Niger Dams Authority will enable the completion of a project in Nigeria for the generation and transmission of electric power, river transportation, and irrigation which began in July 1964. In spite of civil disturbances the project, the largest undertaken to date in Nigeria, is on schedule and the power station should be ready for operation this month. Substantial increase in costs beyond the control of the borrower has made the additional loan necessary. Any delay in the completion of the Kainji project would slow the development of Nigeria's power sector to the detriment of the nation's economy.

Pakistan's Tarbela Dam is the major civil engineering work of the system of reservoirs, barrages, and link canals stipulated in the Indus Waters Treaty of 1960, which marked the end of India and Pakistan's long dispute over water supplies. Construction of the dam follows a 1963-67 World Bank study of the water and power resources of West Pakistan that was aimed at solving the geographic, economic, and political problems posed by the partition of the Indus waters between India and Pakistan. The $900-million dam will be the largest earth and rock-fill dam in the world.

Inter-American Bank loans to Mexico for irrigation projects in the central and northeast regions and to Chile for farmer credit were granted recently.

Forty thousand persons in central Mexico will benefit from the irrigation of 82,500 acres of farmland subsidized by the $10.5-million bank loan. Known as "El Rosario-El Mezquite," the project includes the construction of a dam, a storage reservoir, and a system of drainage and irrigation canals to open the Angulo and Lerma rivers for irrigation use. The Bank is funding 48.3 percent of the $21.7-million total with the remainder coming from the Federal Government, the States, and the farmers themselves. The Bank has already loaned Mexico $6.3 million to prepare the Lerma Plan, which contains the floorplan for irrigation as part of the integrated development of this basin where more than 17 percent of Mexico's population lives.

Gains from irrigation

A total of $28.7 million is being loaned in two parts to help irrigate 103,740 acres of farmland in Mexico's northeast State of Tamaulipas. The project, costing $62.3 million, will benefit some 16,000 persons who will be settled in what is currently a sparsely inhabited arid area. The value of the zone's agricultural output will multiply more than one-hundredfold by the fourth year of irrigated production to about $21 million. Average farmer income should jump from the current average of $86 a year to an average of $2,700 annually.

Specifically, the project consists of the construction of the Las Adjuntas Dam to store and control the waters of the Soto La Marina River and to utilize these waters through the Las Alazansas diversion dam and a 2⅓-mile tunnel.

The Inter-American Bank's total assistance to Mexico for irrigation projects now amounts to 15 loans totaling nearly $160 million.

Chile received a smaller loan of $10 million to help back 44.3 percent of the credit facilities being extended to farmers in 10 drought-stricken Provinces. The loan will help provide medium- and long-term credit and related farm extension services to some 3,000 medium-scale Chilean farmers. The loan will also help with irrigation projects, the restocking and upgrading of herds, and the improvement of drought-ravaged pastureland and fruit orchards.

Brazil Expands Its Citrus Processing

By SHACKFORD PITCHER
U.S. Agricultural Officer, São Paulo

Brazil's citrus processing industry has advanced tremendously during the past 6 years. The country has long been a major citrus producing country, but not until 1963 did it start processing in a big way. The move was made then because world market prices for citrus juice were very favorable after the disastrous freeze which hit the Florida industry in the winter of 1962-63.

In a short time Brazil has become one of the world's largest exporters of orange juice, tripling exports between 1963 and 1967. Frozen orange juice exports totalled 18,647 metric tons in 1967, valued at $6.7 million, mostly in large drums. West Germany, the United States, Canada, the Netherlands, and France were among the major markets. Orange juice is now one of Brazil's most important processed food export items, exceeded only by soluble coffee, cocoa butter, and beef. During the first half of 1968, orange juice exports were 80 percent above those of the same period in 1967.

Higher yielding trees

São Paulo is Brazil's most important citrus production state with an estimated production of 35 million boxes of oranges in 1968. Plantings are currently being sharply expanded and higher yields being experienced through improved planting material and cultural practices. Higher yields have had the biggest impact so far, contributing to a 50-percent increase in production in 1968 from the 1962-64 average from a net area increase of only 11 percent.

Citrus growers in São Paulo have shown a great deal of flexibility during the past 10 years, adapting their operation quickly to the demands of the market. Part of this flexibility was necessitated by problems with diseases such as tristeza and citrus canker, both of which are now under control. Many growers are planting more Valencia and other late ripening varieties of oranges now that processing is utilizing about 30 percent of the São Paulo crop.

The São Paulo Department of Agriculture recently has developed virus-resistant citrus trees which yield three times more fruit under traditional conditions. Now nearly half of the state's nursery production is of these higher yield trees. It is estimated that between 2 million and 3 million orange trees were planted last year and about the same number in 1968. Since only a very few of Brazil's citrus orchards are irrigated, yields can fluctuate considerably depending upon the amount and distribution of rainfall throughout the year.

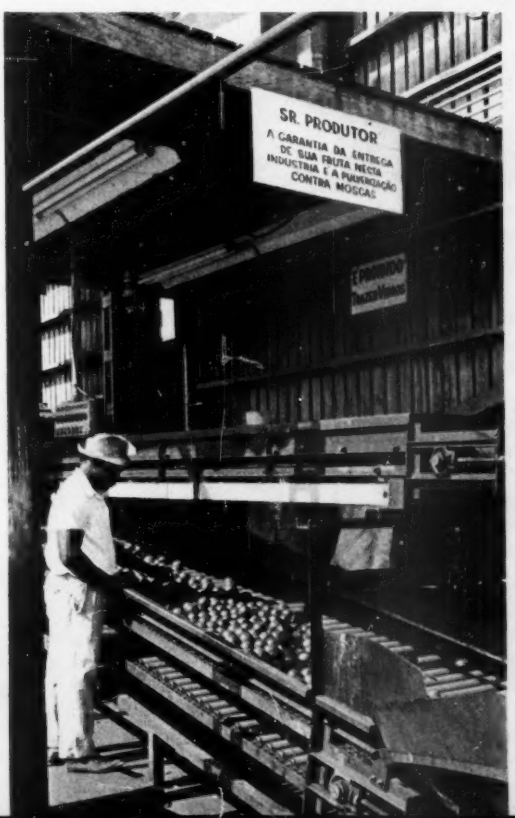
Yields currently average about 1.5 boxes per tree, a 35-percent increase above the 1962-64 averages and are expected to improve as the new virus-resistant orange trees come into bearing. Orange production in São Paulo is expected to reach 50 million boxes by 1971.

Domestic market

Much of the expanded citrus production will have to be processed since exports of fresh oranges are not expected to exceed current levels of about 2.5 million to 3 million boxes annually. Domestic consumption of fresh oranges will likely parallel annual population growth of slightly more than 3 percent. The domestic market for processed citrus is just beginning to be tapped, and sales there are expected to advance more rapidly than in the export market. The main reason for such a promising future is that processed orange juice supplies the Brazilian market during the warmer months of the year when the availability of fresh oranges is at seasonal lows.

At the present time all of Brazil's plants processing citrus for export are in São Paulo. Companies operating the three largest plants control large citrus plantings and accounted for 95 percent of Brazil's orange juice exports in 1967. They also are very active in the market for fresh oranges.

Oranges are trucked into a São Paulo processing plant, below. They are individually inspected, right, on a conveyor belt to storage bins inside.



Wagonloads of burlap-covered seed cotton move slowly to market in rural India. Several farmers usually travel together in a caravan. Only a few need more than one cart to carry their production.

How Indian Farmers Market Their Cotton

By ROSS L. PACKARD
U.S. Agricultural Officer, Bombay

One of the most colorful procedures of India's agriculture is the marketing of the cotton crop. This crop—each year the second largest in the Free World—is grown on some 20 million acres of land in numerous small fields scattered throughout the country; Indian cotton yields are among the lowest in the world.

Getting the many small parts of this large, widely scattered crop to the relatively few areas where it must be concentrated for effective use presents problems that are not known in the United States.

Generally, farmers sell their cotton at nearby local markets—in a carnivallike setting under the warm Indian sun. Most of the cotton moves to market by the traditional transportation medium of rural India, a cart drawn by two bullocks. In northwestern India, however, the cotton may be transported on camel back or in a camel-drawn cart. Often the farmer times his market trip so that he arrives in town the night before marketing day. He stays overnight at the market area and makes the trip a real social event.

Cotton is being picked and marketed in India throughout most of the year. Picking of a year's crop begins in July, lasts until the following April. The picking is done by hand, often by family groups of hired workers. The farmer stores the cotton on his own premises until he is ready to take it to market. He always sells it as seed cotton. The original purchaser or a secondary buyer does the ginning, almost always on small, ancient, slow roller gins, although a few saw gins are now appearing.

Regulated markets

Probably the most used cotton-selling method and the one that assures the farmer of the fairest sales opportunity is through auction at a market regulated by the government. Regulated markets first came into operation in various parts of India in the late 1920's and early 1930's. They are now common in the important cotton-growing regions in western and southern India. Most regulated markets handle a number of agricultural commodities, including cotton, and the marketing area is a bustling little community.

Traditionally, a regulated market is controlled by a committee of about 12 members. Of the members about half represent growers; also represented are the local marketing body and the government. In some markets the committee provides lodging for farmers and their animals in addition to marketing facilities. The committee may also supply various market news services, including the prices and arrivals at nearby markets. Such information is posted at the committee's market headquarters, an area frequented by both buyers and sellers.

At regulated markets, licensed weighers are provided, and fixed marketing charges assure equal treatment to all participants. As farmers arrive, their cartloads of cotton are lined up according to variety. Once the auction is underway, bidders proceed from cart to cart. The cotton is sold by the cartload, and auctioneers change from cart to cart. Often the commission agent is the auctioneer—an advantage to the seller since the agent naturally wants to get the highest commission that comes with the highest bid. Each sale is recorded by the official market clerk.

Usually a regulated market serves a relatively small area—that within a radius of 12 miles. This is about as large an area as is practical in view of the way the cotton is transported. A farmer may travel to a more distant market if he hears it is offering better prices, but the prices may fall in the time it takes him to get there.

Other ways of marketing

Some farmers sell cotton at marketing centers that have no government regulations to protect them from unscrupulous practices. Also, in some areas, farmers may deliver their cotton to one of a number of merchants. Over the years these farmers tend to locate a specific buyer they like and trust.

Sometimes they arrive at a market area and shop around for the best offer. In these transactions the merchants buy the cotton by the unweighed cartload or camel load. The seller is completely at the mercy of the buyer. These first buyers resell the cotton by weight at auctions attended by mill representatives and other buyers.

Another method of marketing that is becoming increasingly important in India is through cooperatives that buy cotton from the farmer. They may hold it until later in the season in the hope of obtaining higher prices.

Some cotton moves directly from local centers in unbaled form to nearby mills. Most of it, however, is baled and eventually reaches India's three major mill centers—Bombay, Ahmedabad, and Coimbatore. If it is very short staple cotton some of it may be exported via Bombay, often to Japan.

This year's crop

India is now in the midst of producing the 1968-69 cotton crop currently expected to approach last year's near-record 5.3 million bales (480 lb. net.). But even with this good crop India will look to the world for about 500,000 additional bales of medium and extra-long staple cottons in 1968-69.

Because fine-yarn saris for women and dhotis for men are in great demand, India is the largest consumer of extra-long staple cotton in the Free World. It imports most of this cotton from the United Arab Republic and the Sudan, but some comes from the United States. India also purchases longer medium staples from the United States and East Africa for the same reason.

India's program for greater self-sufficiency in medium and longer staple cottons has slowed because farmers growing these cottons have tended to make smaller profits than other cotton farmers. Although these cottons bring higher prices, they also require more costly agricultural inputs. The slowdown in the longer staple cotton program has helped assure a continuing Indian market for foreign medium and longer staple cotton from the countries noted above. It appears that this market will continue in the foreseeable future, but the possibility of its gradual decrease cannot be dismissed.

Cotton farmers in India, like farmers everywhere, want to increase their incomes. Regulated markets can help them materially by reducing selling charges and markups. Another small boost has been a recent 5-percent increase in the support price of seed cotton. During the past year, farmers claimed that seed cotton prices were not adequate. Partly as a concession to them, the Cotton Advisory Board—a panel of trade, mill, and government representatives—recommended an increase of up to 5 percent.

Following this recommendation, the Government of India announced the 5-percent increase.

Above, at a regulated market cartloads of cotton have been arranged by variety, and farmers wait for the auction to start. Below, as the auction progresses sellers are busy preparing their cotton for the auctioneer. Right, one cartload of cotton has been sold to the highest bidder according to the signal of the auctioneer at right.

U.S. Wheat Team Views European Market

Members of a government-industry U.S. wheat mission to seven European countries, in their official report early this month to Secretary of Agriculture Orville L. Freeman, estimated that the market for imported wheat in the European Economic Community and the United Kingdom during the current marketing year is more than a million tons greater than last year. This year's larger market is due mostly to a smaller and lower quality wheat harvest in the United Kingdom and a much smaller durum crop in Italy.

Most of the increase in import demand in the EEC this year, the mission reported, is for durum, especially in Italy, although there also is an EEC market for high-protein hard wheat for blending with soft wheat produced in the Community. The demand in the United Kingdom, on the other hand, is for quality soft wheat as well as for protein hard wheat.

The mission was sent to Belgium, France, Italy, the Netherlands, West Germany, Yugoslavia, and the United Kingdom by Secretary Freeman as part of the Department's continuing effort to promote export sales of U.S. farm commodities in foreign markets. The purpose of the mission, as stated by the Secretary, was "to establish contacts with foreign governments and industry grain trade representatives, assess their needs for the season ahead, and assure them of our desire to meet the needs in terms of quality and price."

"Europe is one of our major cash markets for wheat," the Secretary continued. "It took about one-fourth of our commercial wheat exports during the last marketing year." The countries to be visited are all leading cash buyers.

General conclusions and recommendations

In its report, the mission concluded that the size of the U.S. share of the EEC and U.K. markets this year will depend on how price competitive U.S. wheat is with wheat from other origins. It urged that the Department of Agriculture make every effort to have U.S. wheat priced competitively in European markets at all times.

According to the mission, U.S. wheat basically has no quality problems in being accepted in Europe. European millers like it and will use it in large quantities when it is priced competitively. The only complaints received by the mission were related to U.S. protein certifications. The members concluded that there is much misunderstanding in the European trade regarding the meaning and uses of these protein certifications.

The mission considered the work being done by Great Plains Wheat, Inc., in educating European millers to the use of U.S. wheat to be an appropriate approach for market development in Europe and recommended that this work be intensified. Great Plains Wheat, Inc., which is an organization of wheat producers in the Great Plains region, has an agreement with the Department to cooperate in developing markets for U.S. wheat in Europe, Latin America, the Middle East, and Africa.

Situation in the EEC

In the Community, which had recently harvested its second successive bumper crop of soft wheat, the mission found that much of the 1968 crop had already been purchased by governmental agencies at EEC intervention (support) prices and was going into government storage. During October (time of the visit) the acquisition of adequate storage space for grain was the leading grain problem facing the EEC governments. The mission reported its concern over the Community's current heavy supplies of soft wheat, which may have an adverse effect on U.S. feedgrain sales to the area because much wheat may be diverted to livestock feed.

Situation in the United Kingdom

The 1968 wheat crop in the United Kingdom, the mission reported, was not only smaller than last year's but also of poorer quality, because of adverse weather. This has resulted in a larger import demand not only for high-protein hard wheat but also for soft wheat.

The mission felt that possibilities for sales of U.S. soft wheat in the United Kingdom are not particularly bright, since large supplies of this class of wheat are available in other West European countries; but it does believe that the U.K. market provides sales opportunities for U.S. Hard Red Winter as well as Hard Red Spring wheat if U.S. prices for these classes of wheat are kept competitive with those of similar classes of wheat originating from other sources of supply.

Last marketing year, wheat from the Soviet Union and Romania replaced U.S. hard wheat in the U.K. market. Grain shippers and millers in the United Kingdom generally believe that Soviet wheat will be available again this year on a regular basis. For the quantity of Romanian wheat available this year, however, estimates from trade sources varied widely.

The new harbor and milling facilities at Tilbury at the mouth of the River Thames are expected to be opened in early 1969, and this harbor will be able to receive ships with capacities of up to 40,000 tons of grain. The opening of these facilities may have a significant impact on the pattern of the U.K. imports. Transshipments from Rotterdam are now important in the U.K. market but may be less so after Tilbury is open and operating.

Situation in Yugoslavia

The mission was told that despite a 9-percent smaller wheat harvest in Yugoslavia this year, the Yugoslav Government at present intends no imports of wheat during the current marketing year; it considers the supply of wheat available in Yugoslavia adequate to meet 1968-69 requirements. The carryover from 1967-68 was 50 percent higher than a year earlier and the largest since 1960-61. A final government decision on wheat imports during the 1968-69 marketing year will not be taken, however, until early 1969, when more is known about prospects for the 1969 Yugoslav wheat crop.

The U.S. grain trade was represented on the mission by Ralph J. Crawford, executive vice president, Producers' Export Corp., Kansas City, Mo., and Henry P. Fisher, vice president, Continental Grain Co., New York. Wheat producers were Herschal H. Crow, Jr., Altus, Okla., and J. Ole Sampson, Lawton, N. Dak. Government representatives—both of USDA—were Clifford G. Pulvermacher, Commodity Operations, Agricultural Stabilization and Conservation Service (the team leader), and Richard E. Bell, Grain and Feed Division, Foreign Agricultural Service.

CROPS AND MARKETS SHORTS

U.S. Trade in Livestock and Meat Products

For the second consecutive month U.S. exports of most categories of livestock and meat products were above year-earlier levels. Imports of these products also gained. Total red meat exports in October were up 57 percent, bringing the January-October total up 10 percent from the same period in 1967. Pork exports contributed substantially to this increase, as October exports were up 110 percent and the 10-month total was up 28 percent. However, exports of animal fats were below the level recorded for the first 10 months of 1967 and variety meat exports were down 6 percent. Of the hides and skins, exports of all categories (except cattle parts and kip skins) registered gains in 1968.

Virtually all U.S. livestock and meat product imports in the first 10 months of 1968 were above year-earlier levels. Spurred by strong U.S. beef prices, January-October imports of beef and veal totaled 960 million pounds, as compared with 813 million in the same period in 1967. Primarily owing to the rise in beef and veal, total red meat imports were up 17 percent in 1968. Live cattle imports—primarily feeder cattle—continued upward, reflecting a good demand for replacement animals.

The rate of increase in U.S. imports of livestock and meat products should decline in the remaining months of 1968 owing to a voluntary restraint in shipments to the United States by the major suppliers of meats subject to the Meat Import Law. This law covers fresh, chilled, and frozen beef, veal, mutton and goat meat.

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	October 1967	October 1968	Jan.-Oct. 1967	Jan.-Oct. 1968
	1,000	*1,000*	*1,000*	*1,000*
Animal fats:	*pounds*	*pounds*	*pounds*	*pounds*
Lard	18,500	14,367	153,805	140,614
Tallow and greases:				
Inedible	184,829	164,549	1,875,639	1,848,108
Edible	548	840	13,504	7,691
Red meats:				
Beef and veal	2,955	2,075	26,200	22,257
Pork	6,275	13,178	42,133	53,961
Lamb and mutton	97	163	1,390	1,453
Sausages:				
Canned	110	74	973	1,173
Except canned	240	184	1,934	2,402
Meat specialties:				
Canned	180	112	1,904	1,289
Frozen	255	59	1,952	1,535
Other canned	563	914	6,701	7,264
Total red meats [1]	10,668	16,764	83,189	91,343
Variety meats	18,895	17,597	186,623	175,956
Sausage casings:				
Hog	440	636	5,069	5,181
Other natural	422	432	3,518	3,221
Mohair	451	1,903	7,321	11,161
Hides and skins:				
Cattle parts	3,674	2,989	36,749	28,748
	1,000	*1,000*	*1,000*	*1,000*
	pieces	*pieces*	*pieces*	*pieces*
Cattle	932	1,236	9,858	10,500
Calf	133	126	1,602	1,638
Kip	36	39	399	297
Sheep and lamb	296	399	3,137	3,206
Horse	2	4	54	63
Goat and kid	15	19	241	203
	Number	*Number*	*Number*	*Number*
Live cattle	7,063	3,267	40,673	30,747

[1] May not add due to rounding of individual items.
U.S. Department of Commerce, Bureau of the Census.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	October 1967	October 1968	Jan.-Oct. 1967	Jan.-Oct. 1968
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000*	*1,000*	*1,000*	*1,000*
Bone-in beef:	*pounds*	*pounds*	*pounds*	*pounds*
Frozen	617	421	3,894	8,455
Fresh and chilled	1,419	1,907	4,923	15,725
Boneless beef	84,991	93,518	676,595	770,614
Cuts (prepared)	102	392	1,015	1,439
Veal	1,155	1,760	12,371	16,314
Canned beef:				
Corned	8,317	8,367	71,735	76,846
Other, incl. sausage	1,238	1,317	10,721	12,300
Prepared & preserved	4,490	4,715	31,949	58,594
Total beef & veal [1]	102,329	112,398	813,201	960,279
Pork:				
Fresh and frozen	3,815	3,922	39,575	42,004
Canned:				
Hams and shoulders	16,176	16,413	171,536	189,851
Other	2,478	2,716	33,988	33,820
Cured:				
Hams and shoulders	157	164	1,539	1,799
Other	345	324	3,562	3,428
Sausage	149	266	2,093	1,980
Total pork [1]	23,120	23,806	252,293	272,882
Mutton and goat	3,628	4,450	42,344	58,413
Lamb	1,595	1,381	9,203	14,584
Other sausage	442	524	5,077	6,102
Other meats, n.s.p.f.	1,157	1,313	12,486	10,086
Total red meats [1]	132,271	143,873	1,134,598	1,322,347
Variety meats	468	477	2,613	3,151
Wool (clean basis):				
Dutiable	7,238	8,476	91,109	111,962
Duty-free	6,647	9,204	60,239	102,961
Total wool [1]	13,884	17,677	151,349	214,918
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	31	50	162	408
Calf	24	81	399	406
Kip	24	29	303	230
Buffalo	30	21	313	434
Sheep and lamb	1,189	1,476	18,070	29,250
Goat and kid	479	330	6,234	4,561
Horse	12	10	144	216
Pig	48	100	989	656
	Number	*Number*	*Number*	*Number*
Live cattle [2]	62,231	67,404	482,538	692,368

[1] May not add due to rounding of individual items. [2] Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

Australian Canned Pineapple Output Dips

Australia's 1968 canned pineapple pack is forecast at 1,660,000 cases, basis 24/2½'s, down 5 percent from the record output of a year earlier. Dry conditions and some frost damage in the pineapple producing areas are primarily responsible for the reduced output.

The summer pack, canned between January and April, dropped to an estimated 860,000 cases from 888,000 in 1967. The winter pack is forecast at 800,000 cases, a decrease of 67,000.

The 1968 pack of tropical fruit salad is expected to rise 14 percent to 570,000 cases. Increased availability of papaya, which together with pineapple are the principal ingredients in tropical fruit salad, is the main reason for the larger output. Production of canned pineapple juice is also expected to increase in 1968 and reach a new high of 1,260,000 cases. In contrast with past years, virtually all juice is now recovered and canned or bottled instead of being wasted because of an expanded domestic demand.

Based on exports in January-September 1968 of 502,000 cases, total 1968 exports of canned pineapple are estimated at 725,000 compared with shipments in 1967 of 640,000. The export market is an increasingly important outlet for Australian canned pineapple, largely because of the upward trend in Australian production and the growing competition in the domestic market from canned peaches and pears. However, mounting international competition, the devalution of the British pound, and the loss of tariff preference in Canada will make future export gains difficult to attain. The United Kingdom and Canada are the dominant markets for Australian exports, receiving nearly 90 percent of the total in 1967.

Exports of tropical fruit salad are forecast at 120,000 cases in 1968, up 11,000 from the volume exported the previous year. The United Kingdom, Canada, and the United States normally purchase almost all of these exports.

The domestic market consumes by far the bulk of the pineapple juice production. But it is believed that this market is reaching the saturation point, and, therefore, increased efforts to expand export sales can be expected. Total export shipments in 1968 are estimated at 40,000 cases.

SUPPLY AND DISTRIBUTION OF AUSTRALIA'S CANNED PINEAPPLE PRODUCTS

Item	1966	1967	1968 [1]
	1,000 cases 24/2½'s	*1,000 cases 24/2½'s*	*1,000 cases 24/2½'s*
Canned pineapple:			
Supply:			
Beginning stocks (Jan. 1)	184	196	207
Production	1,363	1,755	1,660
Total supply	1,547	1,951	1,867
Distribution:			
Exports	400	640	725
Domestic disappearance	951	1,104	1,000
Ending stocks (Dec. 31)	196	207	142
Total distribution	1,547	1,951	1,867
Canned pineapple juice:			
Supply:			
Beginning stocks (Jan. 1)	127	236	216
Production	1,106	1,248	1,260
Total supply	1,233	1,484	1,476
Distribution:			
Exports	22	23	40
Domestic disappearance	975	1,245	1,200
Ending stocks (Dec. 31)	236	216	236
Total distribution	1,233	1,484	1,476
Tropical fruit salad:			
Supply:			
Beginning stocks (Jan. 1)	19	21	12
Production	699	501	570
Total supply	718	522	582
Distribution:			
Exports	134	109	120
Domestic disappearance	563	401	430
Ending stocks (Dec. 31)	21	12	32
Total distribution	718	522	582

[1] Preliminary.

West Germany Sets Cut Orchid Import Tender

West Germany has announced an import tender for fresh cut orchids from all countries except the Communist countries of Eastern Europe.

Applications for licenses will be accepted until the undisclosed value limit is reached but not later than June 26, 1969. Country of purchase and country of origin must be the same. Licenses will be valid until June 30, 1969. The first day of customs clearance is January 1, 1969. EEC quality standards and West German phytosanitary requirements must be observed.

Minimum Export Prices Set for Brazil Nuts

The Bank of Brazil's Foreign Trade Department (CACEX) has issued Communique No. 252, dated November 6, 1968,

PRICES FOR 1968 CROP BRAZIL NUTS

Type	Shelled nuts	
	Number of nuts per pound	*U.S. dollars per pound f.o.b.*
1 and 2 (tiny)	180 to 200	0.40
3 (midget)	160 to 180	.38
4 (small)	140 to 160	.37
5 and 6 (medium)	110 to 130	.36
7 (large)	90 to 105	.34
8 (chipped)	—	.33
9 (broken)	—	.31

PRICES FOR 1969-CROP BRAZIL NUTS

Type	Unshelled			
		Natural	Dehydrated	Polished
	Number of nuts per pound	*U.S. dol. per lb. f.o.b.*	*U.S. dol. per lb. f.o.b.*	*U.S. dol. per lb. f.o.b.*
1 (extra large)	30 to 35	0.15	0.20	0.22
1 (large)	35 to 40	.13	.19	.21
1 (medium)	40 to 45	.12	.18	.20
2 (Tocantins)	45 to 55	.10	.16	.18
3 (small "Acre")	over 55	.10	—	—

	Shelled	
	Number of nuts per lb.	*U.S. dol. per lb. f.o.b.*
1 and 2 (tiny)	180 to 200	0.47
3 (midget)	160 to 180	.45
4 (small)	140 to 160	.44
5 and 6 (medium)	110 to 130	.43
7 (large)	90 to 105	.40
8 (chipped)	—	.38
9 (broken)	—	.33

which establishes the minimum export prices for the 1968 and 1969 crops of brazil nuts. A listing of the prices follows.

For assorted nut sales, the minimum price will be the arithmethic average of the price of each type forming the assortment. For brazil nuts shipped from ports in the State of Amazonas, the above prices could be reduced by one-half U.S. cent per pound for unshelled nuts and one U.S. cent per pound for shelled nuts.

Drought Reduces Thailand's Cotton Crop

Thailand's 1968-69 (August-July) cotton crop could fall below the 124,000 bales (480 lb. net) produced in 1967-68, despite an expansion in area. A drought has reduced yields in some areas, especially in the Provinces of Pisanulok and Sukhothai of northern Thailand. Output in 1967-68 compares with a record high of 135,000 bales in 1966-67 and the 1960-64 average of 64,000 bales.

The Thai Government has been conducting an extensive cotton promotion program in the past several years. New strains of Reba and Stoneville varieties are replacing Cambodian-type cotton. Also, farmers are being encouraged to use better cultural practices, including the use of pesticides and fertilizers. Many new gins have been installed to process the larger cotton crops.

The Thai textile industry consumed around 250,000 bales of raw cotton in 1967-68 and may use an additional 25,000 during the current season. The 1967-68 offtake compares with 225,000 bales in 1966-67 and is a sharp increase from the 1960-64 average of 101,000 bales.

The Thai Government will resume the promotion of cotton spinning and weaving in early 1969. The promotion activity should result in an increased rate of textile production and thus expand the demand for raw cotton.

Imports of cotton by Thailand are placed at 125,000 bales in 1967-68, up from 105,000 in 1966-67 and a 1960-64 average of 48,000. In 1966-67, the United States supplied 77,000 bales. During August-January 1967-68, the United States supplied a little over 47,000 bales of cotton to that country, compared with 40,000 for the same period in 1966-67. Smaller amounts of raw cotton are imported from Mexico, Brazil, Nicargua, and Turkey.

Thailand exported about 7,000 bales in 1967-68, the first cotton exports in nearly 20 years. This cotton was primarily of staple lengths 1-1/18 inches to 1-1/16 inches.

Swiss Cotton Consumption Declines

Swiss cotton consumption in 1967-68 (August-July) is estimated at about 180,000 bales (480 lb. net), compared with 185,000 during each of the previous 2 years and the 1964-65 high of 200,000. Offtake in the 1968-69 season will likely be no higher than last year's level because of increasing pressure from manmade fibers, especially noncellulosics. Also, according to reports, five cotton spinning plants with a total of 40,000 spindles were closed or plan to close during the calendar year 1968 as a result of lower profit margins. This will leave about 1 million spindles in the country.

Switzerland's imports of raw cotton during the 1967-68 season totaled 186,000 bales, down from 217,000 a year earlier. In recent years, imports of U.S. cotton by Switzerland have held a smaller part of total cotton imports. In the 1967-68 season, imports from the United States totaled 32,000 bales, compared with 45,000 in 1966-67. Other major suppliers are Turkey, Peru, Egypt, Mexico, Brazil, and Greece.

The International Institute for Cotton (IIC) operates one of its 14 country projects in Switzerland.

Canadian Egg Marketing Agency Proposal

Canadian Agriculture Minister H. A. Olson and the Provincial Ministers of Agriculture achieved agreement November 25 on the principle of the establishment of a National Egg Marketing Agency. Egg marketing has been under intensive study by Mr. Olson and his Provincial counterparts since midsummer, following a request by the Canadian Conference on Egg Production.

The objectives of the proposed agency would be threefold: (1) to foster a strong, efficient, and economic poultry industry; (2) to provide stable and reasonable returns to producers; and (3) to provide a dependable supply of quality eggs to consumers at stable prices. The Ministers agreed that the allocation of any Provincial, regional, or national marketing quotas established by this agency would be limited to production facilities established before the end of November 1968. This limitation would remain in effect until further expansion of the industry is necessary.

The proposal will now be discussed in detail with representatives of Canada's 175,000 egg producers.

U.S. General Tobacco Imports Remain Steady

U.S. General imports of unmanufactured tobacco leaf in October 1968 were 11.6 million pounds, valued at $3.5 million. This compares with about 12.3 million pounds, valued at $6.6 million, in October of 1967. The quantity of cigarette leaf (other than flue-cured and burley) was down but that of scrap increased substantially.

For January-October 1968 the volume of general imports has remained about the same with 208.8 million pounds, compared to 211.3 million pounds in the same period of 1967. The value of $118.1 million so far this year shows a decline of about 9 percent from the same period in 1967.

U.S. GENERAL IMPORTS OF UNMANUFACTURED TOBACCO

Item	1967		1968	
	Quantity	Value	Quantity	Value
January-October:	*1,000 pounds*	*1,000 dollars*	*1,000 pounds*	*1,000 dollars*
Cigarette leaf (flue & burley)	654	204	7,851	2,310
Cigarette leaf, other	169,967	115,125	139,226	93,667
Cigar wrapper	285	1,346	355	1,440
Mixed filler & wrapper	460	1,032	406	1,797
Cigar filler, unstemmed	17,367	6,180	27,841	8,740
Cigar filler, stemmed	1,826	2,050	2,450	3,051
Scrap	20,722	3,665	30,622	7,076
Total [1]	211,281	129,602	208,751	118,081
October:				
Cigarette leaf (flue & burley)	28	12	280	69
Cigarette leaf, other	8,931	5,377	2,865	1,406
Cigar wrapper	39	239	33	143
Mixed filler & wrapper	41	159	85	465
Cigar filler, unstemmed	815	322	1,281	418
Cigar filler, stemmed	35	36	36	49
Scrap	2,438	425	7,039	957
Total [1]	12,327	6,570	11,619	3,507

[1] Excludes stems. Bureau of the Census.

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Canada's 1968 Tobacco Sales Open Strong

Sales of the 1968 Ontario-grown tobacco crop began on November 7 with best grades of leaf, cutters, and lugs bringing over 74 U.S. cents per pound on the average. Spokesmen for the Ontario Flue-Cured Tobacco Growers' Marketing Board reported, "The markets have started off better this year than they have in several years."

Total sales during the first 12 marketing days amounted to 25.3 million pounds for an average of 61.4 U.S. cents. The market appeared to be strengthening with each day's sales. On November 22, hte twelfth day of sales, the daily average price was 65.8 U.S. cents. During the first 12 days of the 1967 season, sales totaled 25.2 million pounds for an average of 63.7 U.S. cents.

Estimates of the 1968-crop range from 205 million to 215 million pounds. The 1967-crop Ontario tobacco production was an estimated 196.6 million pounds, marketed for an average 63.9 U.S. cents per pound.

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France Announces Agricultural Proposals for 1969

France's Minister of Agriculture Boulin recently presented to the General Assembly his first program—which is basically a continuation of the old agricultural policy but with a stronger emphasis on social action. Farmers, more interested in questions of price, market organization, equipment, investments, and land management than in social measures, expressed disappointment with the program which did not touch on these matters. They are eager to see the new policy on price and production that will be drawn up after the coming discussions of the Six in Brussels on a new Common Market agricultural policy.

That the government did not set forth action in the economic sphere indicates its uncertainty as to the nature of proposals likely to emerge from the EEC talks. On the matter of the new EEC policy, Mr. Boulin said only that the French Government will insist on community preference for agricultural commodities and on financial solidarity between the member states.

Except for a food stamp program modeled on its U.S. counterpart and a provision for increasing meat production, the proposed social measures are directed to reducing the numbers of farmers. The measures provide the following:

- Scholarships for sons of small farmers to interest them in other professions;
- Easier access to training centers for farmers who want to take up a different occupation;
- An increase in the indemnity for elderly farmers leaving their farms (the indemnity will be available at age 60 instead of 65, and at age 55 for farmers fulfilling special conditions);
- Financial encouragement to abandon milk production through supplemental payments for each milk cow sold to a slaughterhouse and financial assistance in shifting to beef production ($8 million in FORMA funds to be set aside for this purpose);
- Low-price distribution of surplus foods to needy people by using another $8 million of FORMA's budget for a food stamp program.

—Based on a dispatch from THOMAS E. STREET
U.S. Agricultural Attaché, Paris

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